

## RECIPROCAL TRADE

*Agreement and exchange of notes signed at Washington April 8, 1943*<sup>1</sup>

*Ratified by Iran October 24, 1943*

*Proclaimed by the President of the United States March 31, 1944*

*Ratification and proclamation exchanged at Washington May 29, 1944*

*Supplementary proclamation by the President of the United States  
May 29, 1944*

*Entered into force June 28, 1944*

*Amended by agreement of April 12, 1960*<sup>2</sup>

*Terminated August 25, 1960, by agreement of July 27, 1960*<sup>3</sup>

58 Stat. 1322; Executive Agreement Series 410

### AGREEMENT

The President of the United States of America and His Imperial Majesty the Shah-in-Shah of Iran, being desirous of strengthening the traditional bonds of friendship between the two countries by maintaining as heretofore the principle of equality of treatment as the basis of commercial relations and by granting mutual and reciprocal concessions and advantages for the promotion and extension of trade, have decided to conclude a Trade Agreement and for that purpose have appointed their Plenipotentiaries, as follows:

The President of the United States of America:

Cordell Hull, Secretary of State of the United States of America;

and

His Imperial Majesty the Shah-in-Shah of Iran:

Mohammed Shayesteh, Envoy Extraordinary and Minister Plenipotentiary at Washington;

who, after communicating to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

### ARTICLE I

1. The United States of America and Iran will grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules,

<sup>1</sup> For schedules annexed to agreement, see 58 Stat. 1329 or p. 9 of EAS 410.

<sup>2</sup> 11 UST 1339; TIAS 4467.

<sup>3</sup> 11 UST 2163; TIAS 4581.

formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale, taxation or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

3. Similarly, articles exported from the territory of the United States of America or Iran and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or Iran in regard to the above-mentioned matters, to any article originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of Iran or the United States of America, respectively.

## ARTICLE II

Articles the growth, produce or manufacture of the United States of America or Iran, shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those imposed on like articles of national origin or of any other foreign origin.

## ARTICLE III

1. No prohibition or restriction of any kind shall be imposed by the Government of either country on the importation of any article the growth, produce or manufacture of the other country or upon the exportation of any article destined for the other country, unless the importation of the like article the growth, produce or manufacture of all third countries, or the exportation of the like article to all third countries, respectively, is similarly prohibited or restricted.

2. No restriction of any kind shall be imposed by the Government of either country on the importation from the other country of any article in which that country has an interest, whether by means of import licenses or permits or otherwise, unless the total quantity or value of such article permitted to be imported during a specified period, or any change in such quantity or value, shall have been established and made public. If the

Government of either country allots a share of such total quantity or value to any third country, it shall allot to the other country, unless it is mutually agreed to dispense with such allotment, a share based upon the proportion of the total imports of such article supplied by that country in a previous representative period, account being taken in so far as practicable of any special factors which may have affected or may be affecting the trade in that article, and shall make such share available so as to facilitate its full utilization. No limitation or restriction of any kind other than such an allotment shall be imposed, by means of import licenses or permits or otherwise, on the share of such total quantity or value which may be imported from the other country.

3. The provisions of this Article shall apply in respect of the quantity or value of any article permitted to be imported at a specified rate of duty.

#### ARTICLE IV

1. If the Government of either country establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the commerce of the other country with respect to all aspects of such control.

2. The Government establishing or maintaining such control shall impose no prohibition, restriction or delay on the transfer of payment for any article the growth, produce or manufacture of the other country which is not imposed on the transfer of payment for the like article the growth, produce or manufacture of any third country. With respect to rates of exchange and with respect to taxes or charges on exchange transactions, articles the growth, produce or manufacture of the other country shall be accorded unconditionally treatment no less favorable than that accorded to the like articles the growth, produce or manufacture of any third country. The foregoing provisions shall also extend to the application of such control to payments necessary for or incidental to the importation of articles the growth, produce or manufacture of the other country. In general, the control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles the growth, produce or manufacture of the territories of that country and like articles the growth, produce or manufacture of third countries.

#### ARTICLE V

1. In the event that the Government of either country establishes or maintains a monopoly for the importation, production or sale of any article or grants exclusive privileges, formally or in effect, to any agency to import, produce or sell any article, it is agreed that the commerce of the other country shall be accorded fair and equitable treatment in respect of the foreign purchases of such monopoly or agency. To this end such monopoly or agency

will, in making its foreign purchases of any article, be influenced solely by those considerations, such as price, quality, marketability and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such article on the most favorable terms.

2. The Government of each country, in the awarding of contracts for public works and generally in the purchase of supplies, shall accord fair and equitable treatment to the commerce of the other country as compared with the treatment accorded to the commerce of any third country.

#### ARTICLE VI

1. Articles the growth, produce or manufacture of the United States of America enumerated and described in Schedule I<sup>4</sup> annexed to this Agreement shall, on their importation into Iran, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of Iran in force on the day of the signature of this Agreement.

2. Schedule I and the notes included therein shall have full force and effect as integral parts of this Agreement.

#### ARTICLE VII

1. Articles the growth, produce or manufacture of Iran enumerated and described in Schedule II annexed to this Agreement shall, on their importation into the United States of America, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this Agreement.

2. Schedule II and the notes included therein shall have full force and effect as integral parts of this Agreement.

#### ARTICLE VIII

The provisions of Articles VI and VII of this Agreement shall not prevent the Government of either country from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect

<sup>4</sup> See footnote 1, p. 1272.

of a like domestic article or in respect of a commodity from which the imported article has been manufactured or produced in whole or in part.

#### ARTICLE IX

1. If the Government of either country should consider that any circumstance, or any measure adopted by the other Government, even though it does not conflict with the terms of this Agreement, has the effect of nullifying or impairing any object of the Agreement or of prejudicing an industry or the commerce of that country, such other Government shall give sympathetic consideration to such written representations or proposals as may be made with a view to effecting a mutually satisfactory adjustment of the matter. If agreement is not reached with respect to the matter within thirty days after such representations or proposals are received, the Government which made them shall be free, within fifteen days after the expiration of the aforesaid period of thirty days, to terminate this Agreement in whole or in part on thirty days' written notice.

2. The Governments of the two countries agree to consult together to the fullest possible extent in regard to all matters affecting the operation of the present Agreement.

#### ARTICLE X

1. The provisions of this Agreement relating to the treatment to be accorded by the United States of America and Iran, respectively, to the commerce of the other country shall apply to the respective customs territories of the two countries.

2. Furthermore, the provisions of this Agreement relating to most-favored-nation treatment shall apply to all territory under the sovereignty or authority of the two countries, except that they shall not apply to the Panama Canal Zone.

#### ARTICLE XI

1. The advantages now accorded or which may hereafter be accorded by the United States of America or Iran to adjacent countries in order to facilitate frontier traffic, and advantages accorded by virtue of a customs union to which either country may become a party, shall be excepted from the operation of this Agreement.

2. The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

## ARTICLE XII

Nothing in this Agreement shall be construed to prevent the adoption or enforcement of measures

- (a) imposed on moral or humanitarian grounds;
- (b) designed to protect human, animal or plant life or health;
- (c) relating to prison-made goods;
- (d) relating to the enforcement of police or revenue laws;
- (e) relating to the importation or exportation of gold or silver;
- (f) relating to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies;
- (g) relating to neutrality;
- (h) relating to public security, or imposed for the protection of the country's essential interests in time of war or other national emergency.

## ARTICLE XIII

The Government of the United States of America and the Imperial Government of Iran declare that the purpose of this Agreement is to grant mutual and reciprocal concessions and advantages for the promotion of commercial relations between the two countries; and that each and every one of the provisions contained herein shall be complied with and interpreted in accordance with this spirit and intention.

## ARTICLE XIV

This Agreement shall be proclaimed by the President of the United States of America and shall be ratified by the National Assembly (Majlis) of Iran. It shall enter into force on the thirtieth day following the exchange of the proclamation and the instrument of ratification, which shall take place in Washington as soon as possible.

## ARTICLE XV

Subject to the provisions of Article IX, this Agreement shall remain in force for a term of three years from the date of entry into force pursuant to Article XIV, and, unless at least six months before the expiration of the aforesaid term of three years, the Government of either country shall have given notice to the other Government of intention to terminate the Agreement upon the expiration of that term, the Agreement shall remain in force thereafter, subject to the provisions of Article IX, until six months from the date on which the Government of either country shall have given notice to the other Government of intention to terminate the Agreement.

In witness whereof the respective Plenipotentiaries have signed this Agreement and have affixed their seals hereto.

Done in duplicate, in the English and Persian languages, both authentic, in Washington, this eighth day of April 1943.

FOR THE PRESIDENT OF THE UNITED STATES OF AMERICA:

CORDELL HULL

[SEAL]

*Secretary of State of the  
United States of America*

FOR HIS IMPERIAL MAJESTY THE SHAH-IN-SHAH OF IRAN:

M. SHAYESTEH

[SEAL]

*Envoy Extraordinary and Minister  
Plenipotentiary of Iran at Washington*

[For schedules annexed to agreement, see 58 Stat. 1329 or p. 9 of EAS 410.]

#### EXCHANGE OF NOTES

*The Iranian Minister to the Secretary of State*

No. 108

APRIL 8, 1943

SIR:

During the course of the negotiations of the Trade Agreement signed this day, and with direct reference to the tariff concession on opium imported into the United States as provided in Schedule II thereof, it has been explained that the general policy of the Government of the United States is to issue permits for the importation of opium only in cases where the producing country has established a system of import permits and export authorizations at least equivalent to that described in the International Opium Convention signed at Geneva on February 19, 1925.

It has been further explained that in accordance with this policy, which is of general application, the issuance of permits for the importation of Iranian opium into the United States in the future would depend largely upon the measures which may have been taken by the Government of Iran for controlling effectively traffic in opium.

I am directed by my Government to state that it fully appreciates the reasons which have led to the general policy of the Government of the United States with respect to the importation of opium and to the adoption of the above means to carry out this policy. I am further directed to state that my Government has always been in full accord and sympathy with the international efforts made in the past to suppress the contraband traffic in opium, and that it is my Government's intention to establish at an early date any additional regulations which may be necessary to confine the trade in

opium produced in Iran to legitimate international channels, including a system of import permits and export authorizations at least equivalent to that described in the Geneva drug convention of 1925.

Accept, Sir, the renewed assurances of my highest consideration.

M. SHAYESTEH

The Honorable

CORDELL HULL,

*Secretary of State of the*

*United States of America*

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*The Secretary of State to the Iranian Minister*

DEPARTMENT OF STATE

WASHINGTON

*April 8, 1943*

SIR:

I have the honor to acknowledge the receipt of your note of today's date and to confirm the statement therein set forth concerning the general policy of the Government of the United States with respect to the importation of opium.

My Government is deeply interested in measures designed to suppress the illicit international traffic in opium. It is, therefore, gratifying to learn that it is the intention of your Government to establish at an early date any additional regulations which may be necessary to confine the trade in opium produced in Iran to legitimate international channels, including a system of import permits and export authorizations at least equivalent to that described in the Geneva drug convention of 1925.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL

*Secretary of State of the*

*United States of America*

The Honorable

MOHAMMED SHAYESTEH,

*Envoy Extraordinary and*

*Minister Plenipotentiary of Iran.*